

GAO

Report to the Chairman, Committee on
the Budget, House of Representatives

December 1998

U.S. DEPARTMENT OF AGRICULTURE

Administrative Streamlining Is Expected to Continue Through 2002



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Resources, Community, and
Economic Development Division

B-281418

December 11, 1998

The Honorable John R. Kasich
Chairman, Committee on the Budget
House of Representatives

Dear Mr. Chairman:

The Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994¹ (Reorganization Act of 1994) provided the Secretary of Agriculture with the authority to streamline and reorganize the U.S. Department of Agriculture (USDA) to achieve greater efficiency, effectiveness, and economy in its organization and management of programs and activities. In earlier reports, we stated that USDA has made progress in achieving several specific goals set forth in the act.² This progress included reducing the number of employees by nearly 20,000, consolidating headquarters offices, and combining field offices. However, we reported that a number of issues concerning administrative streamlining warranted continued attention, such as USDA's progress in consolidating operations at the state level and in developing performance measures to determine the extent of the efficiencies and economies achieved.

As a result of the issues raised in our previous work, you asked us to provide you with additional information concerning USDA's progress in streamlining its administrative operations. Specifically, you asked us to report on USDA's progress in (1) reducing the number of administrative staff departmentwide; (2) consolidating and streamlining administrative support structures for seven field-based agencies, particularly at the state office level;³ and (3) measuring the savings and efficiencies realized as a result of its departmentwide reorganization and streamlining efforts.

¹P.L. 103-354 (Oct. 13, 1994).

²U.S. Department of Agriculture: Update on Reorganization and Streamlining Efforts (GAO/RCED-97-186R, June 24, 1997) and U.S. Department of Agriculture: Status of USDA's Reorganization (GAO/RCED-98-109R, Mar. 19, 1998).

³Three of these agencies—the Farm Service Agency, Risk Management Agency, and Foreign Agricultural Service—are in the Farm and Foreign Agricultural Services mission area. Three others—the Rural Housing Service, Rural Business-Cooperative Service, and Rural Utilities Service—are in the Rural Development mission area. The seventh agency—the Natural Resources Conservation Service—is one of two agencies in the Natural Resources and Environment mission area. The second agency in the mission area, the Forest Service, which has its own administrative support structure, is not participating in the consolidation and streamlining with the other field-based agencies. While the Farm Service Agency provides administrative support for the Risk Management Agency and Foreign Agricultural Service, these two agencies do not operate from state offices.

Results in Brief

From fiscal year 1993⁴ through fiscal year 1998, USDA reduced its departmentwide administrative staff for four administrative functions—human resources, budgeting, accounting and auditing, and acquisition—from about 10,300 to an estimated 8,800, or by 15 percent. USDA estimates that the number of administrative staff will decrease by an additional 250 by the end of fiscal year 1999. At that time, about 8,550 administrative staff will support approximately 98,500 program staff. USDA has no estimates for further departmentwide reductions in administrative staffing beyond 1999.

As of November 1998, USDA had not yet begun to implement its plan to consolidate and streamline administrative functions at the state office level. In October 1998, USDA had developed a plan, subject to the Secretary's approval, that will consolidate the administrative functions for the agencies into a single administrative office for each state. These new state offices will receive policy guidance from a newly created headquarters Support Service Bureau and report to a board of directors composed of the state leaders of the Farm Service Agency, Natural Resources Conservation Service, and Rural Development. The plan, which is expected to be fully implemented by 2002, requires the completion of a number of time-consuming and potentially costly actions, including relocating offices, developing common policies and procedures, and instituting common computing systems. Furthermore, although it appears that administrative consolidation may provide long-term savings and efficiencies, USDA may incur additional costs to implement this consolidation in the short term.

USDA has no plans to develop performance measures to determine the economies and efficiencies realized as a result of its departmentwide streamlining actions. USDA officials believe that a single measure—personnel reductions—serves as a sufficient indicator of the Department's overall performance. However, without additional performance measures, such as those that measure the quality of service delivery, USDA will not know the extent to which it has accomplished the 1994 act's overall objective of achieving greater efficiency, effectiveness, and economy in the organization and management of its programs and activities.

⁴1993 is the baseline date established by the National Performance Review and the Federal Workforce Restructuring Act of 1994 for determining workforce reductions (P.L. 103-226, Mar. 30, 1994).

Background

In response to the Government Performance and Results Act of 1993 and the Vice-President's National Performance Review (NPR), the Secretary of Agriculture initiated a departmental reorganization to refocus and simplify the Department's headquarters structure, improve accountability and service to customers, reform the Department's field structure, and reduce costs. Several components of the Secretary's reorganization required enabling legislation, which the Congress provided in the Reorganization Act of 1994.

In addition to granting USDA broad authority for streamlining and reorganization, the Reorganization Act of 1994 directed USDA to (1) reduce the number of full-time-equivalent staff by at least 7,500 by the end of fiscal year 1999, (2) reduce the number of staff so that the percentage of the reduction in headquarters is at least twice that in the field offices, (3) consolidate headquarters offices, and (4) combine field offices and have them share resources.

By the end of fiscal year 1997, USDA had achieved most of the act's goals. It had reduced its overall staff-years by nearly 20,000, from about 129,500 in 1993 to about 110,000 by the end of 1997; 22 percent of the reductions occurred in headquarters, and about 13 percent occurred in field offices. In addition, the number of USDA agencies fell from 43 to 29, most of which are under seven mission areas.⁵ (App. I shows USDA's staff by mission area and agencies and headquarters staff offices.) Of the seven mission areas, five include more than one agency. In four of these five mission areas,⁶ USDA has designated one agency as the lead administrative agency for the mission area. (USDA's current administrative structure is shown in app. II.) Finally, USDA reduced the number of its county office locations by about 30 percent, from about 3,760 in 1994 to about 2,700 in 1997.

The Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS), and Rural Development (RD)—through the Rural Housing Service—operate three separate administrative structures to provide administrative support for seven field-based agencies⁷ in 50 states, two territories, and several Foreign Agricultural Service (FAS) overseas offices.

⁵These mission areas are (1) Farm and Foreign Agricultural Services; (2) Rural Development; (3) Food, Nutrition, and Consumer Services; (4) Natural Resources and Environment; (5) Food Safety; (6) Research, Education, and Economics; and (7) Marketing and Regulatory Programs.

⁶The four mission areas are (1) Farm and Foreign Agricultural Services; (2) Marketing and Regulatory Programs; (3) Research, Education, and Economics; and (4) Rural Development.

⁷FSA, Risk Management Agency, Foreign Agricultural Service, NRCS, Rural Housing Service, Rural Business-Cooperative Service, and Rural Utilities Service.

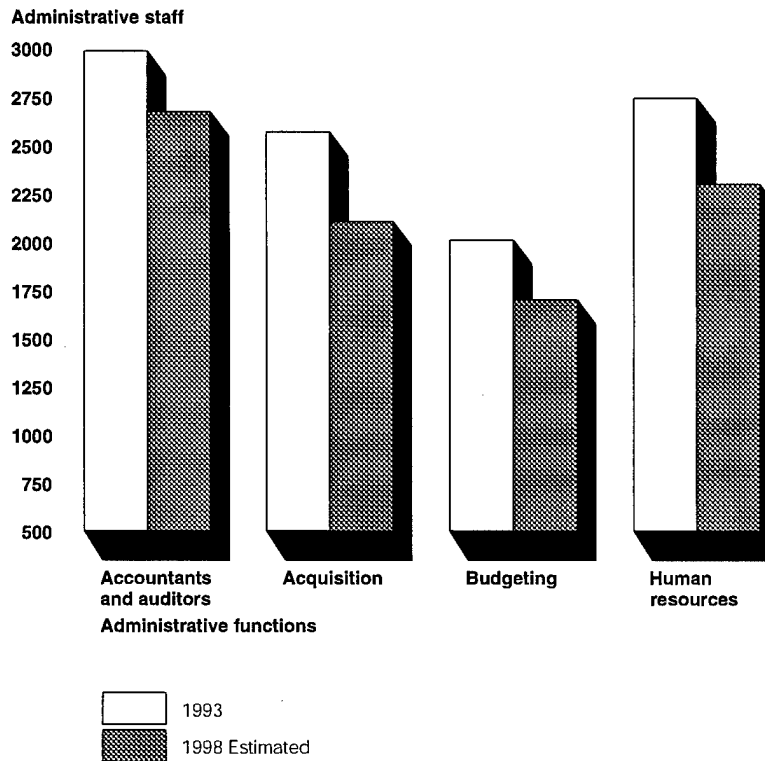
These seven agencies employed about 37,900 staff, or about 35 percent of USDA's total staff, in 1997 and are located in headquarters, about 150 state offices, 5,800 county-based service centers, over 500 other support offices, and several consolidated operations centers, such as FSA's Management Office in Kansas City, Missouri; RD's Centralized Servicing Center in St. Louis, Missouri; and NRCS' National Science and Technology Consortium in Fort Worth, Texas.

USDA Has Reduced Administrative Positions Overall

From fiscal year 1993 through fiscal year 1998, USDA reduced its departmentwide administrative staff by 15 percent, from about 10,300 to an estimated 8,800, in four areas identified by the NPR—human resources, budgeting, accounting and auditing, and acquisition. Administrative staff provide internal services for USDA's program delivery staff, such as payroll processing, financial management and reporting, and the purchasing of supplies and equipment. USDA plans to have about 8,550 administrative staff supporting a departmentwide program staff of approximately 98,500 by the end of fiscal year 1999.

Figure 1 shows the changes in the number of administrative staff for each of the four administrative functions for fiscal years 1993 and 1998. (Administrative staffing is shown in app. III.)

Figure 1: Changes in Departmentwide Administrative Staff, Fiscal Years 1993 and 1998



Legend

RBS = Rural Business-Cooperative Service
 RHS = Rural Housing Service
 RMA = Risk Management Agency
 RUS = Rural Utilities Service

Source: USDA's Office of Budget and Program Analysis.

Changes to Administrative Operations for Field-Based Agencies Will Not Be Fully Implemented Until 2002

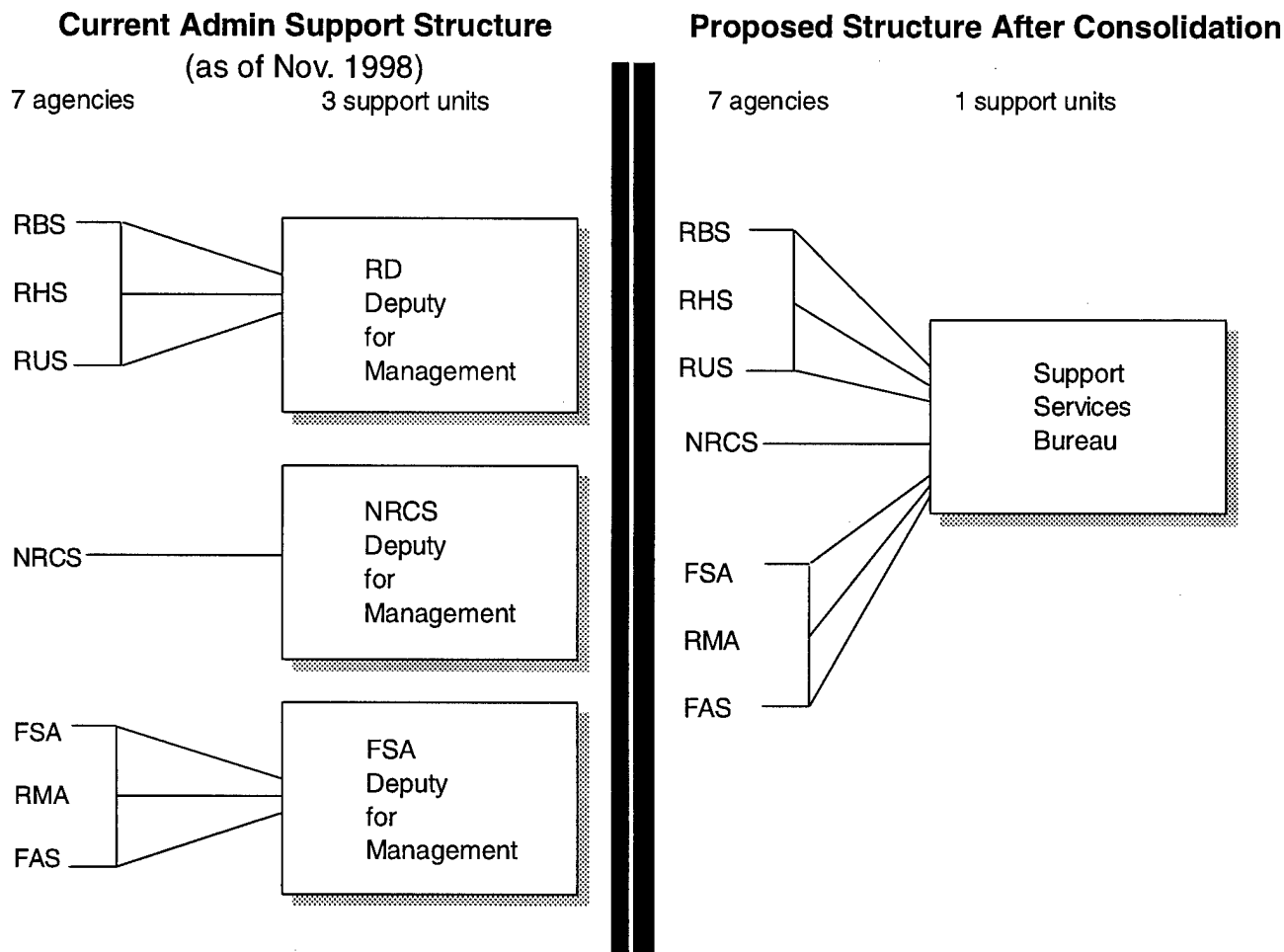
As of November 1998, USDA had not consolidated administrative functions for its field-based agencies at the state office level. However, in October 1998, a USDA team submitted a plan (known as the Administrative Convergence Plan) to the Secretary of Agriculture that will, upon approval, implement this consolidation by 2002. USDA officials explained that the plan, when fully implemented, is expected to reduce costs and improve customer service and operating efficiencies. In addition, they said the plan will require up to 4 years to implement because the Department will need to complete a number of time-consuming and complex

actions—relocating offices, developing common policies and procedures, and instituting common computing systems. Even though these actions are expected to provide savings and efficiencies in the long term, the Department has not identified the costs it will incur in the short term to achieve these savings. Furthermore, USDA officials commented that these tasks are not likely to be accomplished in a timely and effective manner unless a strong leader is appointed to oversee them.

USDA Has Not Yet Begun to Implement Its Administrative Convergence Plan at the State Level

USDA expects to begin consolidating administrative functions at the state level for its field-based agencies approximately 6 to 9 months following the Secretary's approval of the proposed October 1998 convergence plan. Under the plan, a new office headquartered in Washington, D.C.—the Support Services Bureau—will provide the administrative support now provided separately by FSA, NRCS, and RD for seven field-based agencies. (See fig. 2.)

Figure 2: Administrative Support Structure Before and After Creation of the Support Services Bureau



Source: USDA's Administrative Convergence Plan.

In addition to its office in Washington, D.C., the bureau will have a single administrative support unit in each state and in each of its four consolidated operations centers to carry out combined administrative functions. The new state offices will receive policy guidance from the headquarters Support Services Bureau and will report to a board of directors composed of the state leaders of FSA, NRCS, and RD.

While the NPR specifies only four administrative functions (personnel, budgeting, accountants and auditors, and acquisition), USDA's Administrative Convergence Plan includes additional functions and categorizes them differently. The plan's functions include financial management (excluding budgeting), human resources, civil rights, information technology, and management services (such as procurement and printing). By consolidating these functions into a single administrative support unit in each state or consolidated operations center, USDA expects to reduce the administrative staff for the seven field-based agencies by 45 percent from fiscal year 1993 through fiscal year 2002. However, by 1997, two-thirds of these reductions had already occurred. (See table 1.)

Table 1. Administrative Staff for the Seven Field-Based Agencies, Fiscal Years 1993 Through 2002

Administrative function	Number of full-time-equivalent staff					
	Fiscal year 1993	Fiscal year 1997	Percent change	Fiscal year 2002 ^a	Staff change from 1993	Percent change
Financial management	1,133	783	(30.9%)	756	(377)	(33.3%)
Human resources	853	524	(38.6%)	473	(380)	(44.6%)
Management services	1,019	624	(38.8%)	405	(614)	(60.3%)
Civil rights	74	80	8.1%	164	90	121.6%
Information technology	1,955	1,512	(22.7%)	1,159	(796)	(40.7%)
Other administrative operations ^b	590	381	(35.4%)	116	(474)	(80.3%)
Total	5,624	3,904	(30.6%)	3,073	(2,551)	(45.4%)

^aProposed number of staff when convergence plan is fully implemented.

^bIncludes administrative officers, program assistants, and secretaries.

Source: USDA's Administrative Convergence Plan.

According to USDA officials, they did not implement streamlining at the state office level earlier for two reasons. First, they were focused on implementing the Secretary's initiative to create consolidated county-based service centers. And second, they were unable to reach agreement among the affected agencies on how to achieve consolidation.

A Number of Challenges Need to Be Addressed Before Implementation Can Be Completed

Relocating Offices

USDA officials stated they must deal with several challenges to fully achieve the cost savings, benefits, and efficiencies expected to be realized as a result of implementing the administrative consolidation plan. These challenges include relocating offices, developing common policies and procedures, and adopting a common computing environment. In addition, USDA officials said that strong leadership will be needed to implement the plan and additional investments for collocating offices and modernizing business processes and information technology will be required.

Currently, in 28 states,⁸ the state offices for each of the different field-based agencies are not located in the same facility (collocated), and in 19 of these states, the offices are not even located in the same city. USDA is planning to begin consolidating administrative functions before many of these state offices have collocated. In those instances, the agencies will continue to maintain staff in up to three separate offices. Consequently, in these states, the benefits of sharing resources—reducing staff and equipment and expanding staff expertise—will not be fully realized until the agencies' state offices are collocated. For example, in Kansas, the FSA, NRCS, and RD state offices are located from 50 to 100 miles apart in three separate cities. As a result, even though these agencies' administrative staff will be one organization on paper, they will continue to function in up to three separate locations until the offices are collocated, requiring USDA to retain more administrative staff and continue to pay for separate equipment and facilities.

In addition, at least some of the 24 collocated state offices will need to be reorganized before they can operate efficiently under the Administrative Convergence Plan. For example, several collocated state offices have separate office suites for each agency's staff. Agency officials acknowledged that to combine administrative staff into functional work units under administrative convergence, it will be necessary to move staff within existing office space, reconfigure existing office space, or move agency operations to new facilities.

In other cases, collocated offices are already designed to operate effectively under the planned administrative convergence. For example, the new state office for FSA, NRCS, and RD in Boise, Idaho—opened in February 1998—is expected to facilitate administrative convergence once the plan is implemented. When the three agencies planned the new office, they required that all employees in a functional area—such as human

⁸When we use the term "states," we are including the Commonwealth of Puerto Rico and the Territory of Guam.

resources or information technology—share a common work space. In addition, the agencies share common mail rooms, printing equipment, and other office facilities. According to state officials, their location in a shared facility has already increased the efficiency of their operations by allowing them to have fewer staff, less space, and less equipment.

USDA estimates that it will cost as much as \$29 million to collocate offices in 24 of the 28 states where they are not currently collocated,⁹ including moving personnel and acquiring new space, and an undetermined amount to reconfigure existing space for collocated offices. Figure 3 shows the states with collocated offices, and those with noncollocated offices. (App. IV provides more detailed information on the noncollocated locations).

⁹USDA has state cost analyses from 24 of the 28 noncollocated states. Alaska, Hawaii, Michigan, and Puerto Rico have not yet submitted this information.



While FSA, NRCS, and RD are subject to the same administrative regulations, each has developed a different approach to implementing them. As a

result, there are slight to significant differences in the policies, procedures, and business processes that each agency follows.

For example, NRCS and RD state offices have authority over personnel actions for employees up to the level of General Schedule-13 and are delegated authority to obligate funds for most categories of procurement. In contrast, FSA state offices have far less authority over personnel actions and procurement.

For budgeting, NRCS provides each state with a single budget allocation for its program and administrative expenses. However, RD allocates specific budget line items to its state offices for their individual programs, salaries, and administrative expenses. FSA headquarters allocates the total number of staff that each state may have each fiscal year and retains control over certain state-level administrative expenses, such as office leasing and information technology.

State office officials note that their agencies also need to develop common business processes to standardize their personnel and recordkeeping systems. Currently, the National Finance Center provides payroll processing for USDA employees. However, NRCS uses a different process than FSA and RD for entering personnel and payroll transactions transmitted to the center.

Developing a Common Computing Environment

To modernize and integrate the separate information systems currently used by the agencies undergoing administrative convergence, USDA plans to acquire a single, integrated information system—referred to as the common computing environment. The common computing environment, as part of USDA's effort to modernize its business processes and information technology, will consist of new computer hardware and software applications. This new integrated system may require as many as 38,000 new personal computers and 24,000 printers, which will be expected to operate in more than 3,000 locations nationwide. As we reported in August 1998,¹⁰ USDA estimates that the costs of implementing a common computing environment may exceed \$2.6 billion over its expected 15-year life cycle.¹¹

¹⁰USDA Service Centers: Multibillion-Dollar Effort to Modernize Processes and Technology Faces Significant Risks (GAO/AIMD-98-168, Aug. 31, 1998).

¹¹Life-cycle costs represent those costs associated with planning, acquiring, developing, operating, and maintaining the system from 1996 through 2011. These costs include, for example, the costs for equipment and software, personnel, contractor support, and supplies.

The effort to acquire and install this system will be significant, complex, time-consuming, and costly. Achieving a common computing environment requires these agencies to accomplish many activities, such as reengineering and creating a common set of business processes, designing common software, and determining the requirements for hardware. In addition, FSA, NRCS, and RD have 150 existing software applications, many of which must be modified. It is not clear when USDA will complete these tasks. Some planning documents show that the tasks may be completed by fiscal year 2002, while others show a completion date as late as fiscal year 2008. Until existing business applications are modified, USDA plans to maintain and operate both the old and new information systems.

In our August 1998 report, we found several fundamental planning and management weaknesses in the Department's effort to modernize business processes and technology for the agencies undergoing administrative convergence. In light of these weaknesses, we suggested that the Congress consider limiting funding for information technology for these agencies' field offices to no more than the level needed to meet Year 2000 compliance requirements until appropriate action was taken to resolve these weaknesses. USDA started acquiring new hardware and software for its common computing environment at the end of fiscal year 1998, when it purchased over 16,000 personal computers. While this purchase was principally made to replace computers that are not Year 2000 compliant, USDA also expects this procurement to enable its field-based agencies to use common software applications that will support administrative convergence in such areas as human resources, procurement, and travel.

Need for Strong Leadership

USDA officials emphasized the need for the Secretary to move quickly to fill key leadership positions for the Support Services Bureau and charge the appointed officials with the responsibility to implement the Administrative Convergence Plan once it has been approved.¹² According to the leader of the implementation planning team, assigning leadership responsibilities and providing the appropriate authority to carry out those responsibilities are critical to the plan's success, given the host of decisions to be made and actions to be taken in implementing the convergence plan. These decisions include determining how the new organization will be funded in the long term, how authority will be delegated within the organization, and how staff will be classified.

¹²Key leadership positions, according to the leader of the implementation planning team, include the Executive Director, Deputy Director/Chief Information Officer, and the top functional leaders for human resources, financial management, management services, and civil rights.

Currently, three separate administrative structures provide support to seven agencies in 50 states, two territories, and several FAS overseas offices. As mentioned earlier, these agencies have developed different approaches to delivering administrative services to their customers. The administrators for these three structures are focused on the delivery of several programs in addition to administrative support. USDA officials said, and we agree, that unless the Secretary moves quickly to appoint the leaders to translate the plan into a workable operation, it is unlikely that substantial progress will be made.

Additional Investments Will Be Required Before Long-Term Administrative Savings Are Realized

While USDA has estimated the savings it will achieve through staff reductions resulting from the administrative convergence, it has not estimated the costs associated with the convergence. USDA officials believe that administrative convergence will allow the Department to reduce the number of administrative staff by 45 percent from 1993 through 2002. However, they acknowledge that budgetary savings from staff reductions will be decreased in the next several years by the costs of collocating state offices, modernizing business processes, and acquiring and implementing a common computing environment. If the administrative convergence is fully implemented in 2002, the savings in administrative staff is projected to total about \$144 million annually.¹³ However, these savings will be reduced by the approximately \$29 million associated with merging offices in 24 of the 28 states that do not yet have collocated offices and by several million dollars annually for modernizing business processes and implementing a common computing environment. The Administrative Convergence Plan does not provide an estimate of these costs.

Savings and Efficiencies Measures Lacking

USDA has not instituted, and has made no plans to develop, performance measures to determine the economies and efficiencies realized as a result of its departmentwide administrative streamlining. According to USDA officials, staff reductions should serve as a sufficient indicator of the Department's savings and efficiencies because employees' salary and benefit costs typically represent a majority—about 85 percent—of salary and administrative expenses. However, although it has developed savings estimates associated with staff-year reductions, these estimates do not include any offsetting expenses as a result of employee buyouts and reductions in force. While staff-year reductions are certainly one indicator of savings, absent other measures, USDA does not know the extent to which

¹³Approximately \$96 million of the projected \$144 million in annual savings had been realized through fiscal year 1997. Therefore, the future costs associated with administrative convergence must be offset against the remaining \$48 million in projected annual savings.

it has improved service delivery, efficiency, and quality—key objectives of the 1994 act and desired outcomes of the agencies' ongoing restructuring efforts. Additional outcome-oriented performance measures could help USDA determine when it is achieving the overall objectives of the Reorganization Act of 1994. For example, using the ratio of the number of employees served per personnel specialist as a broad measure of efficiency,¹⁴ we found that although USDA had reduced its personnel staff departmentwide by 17 percent from September 1993 to September 1997, the ratio decreased from 55 to 54 employees served by one personnel specialist, indicating that the personnel reductions had not increased efficiency. Other measures of effectiveness could include (1) financial measures, such as cost per employee hired; (2) customer satisfaction measures, such as those associated with responsiveness and quality; and (3) process effectiveness measures, such as the time it takes to complete specific administrative functions.

Conclusions

USDA has made a number of organizational changes since 1994 to reduce its staff and streamline its operations. However, USDA does not plan to determine the extent to which its streamlining efforts have achieved the objectives of the Reorganization Act of 1994, other than determining the savings associated with staff reductions. The 1994 act also had as its objectives more efficient operations to better carry out the Department's missions. Without an assessment of the overall effects of its departmentwide streamlining efforts, USDA cannot know the extent to which its efforts have been successful in achieving all of the objectives mandated by the 1994 act.

USDA's current reorganization task—the convergence of administrative functions at the state level for the field-based agencies—is complex and, even under the best of circumstances, will be difficult to implement effectively and efficiently. However, we believe that there are weaknesses in USDA's current plans for administrative convergence that could hinder its successful implementation. First, while the convergence is likely to save money in the long run, USDA has not calculated the costs associated with implementing the plan. As a result, USDA managers lack key cost information that could be used to evaluate the effectiveness of various actions that the Department has taken or will take in connection with administrative convergence. Second, USDA has not yet assigned leadership responsibilities for implementing the convergence plan. In our view, this is

¹⁴Management Reform: Agencies' Initial Efforts to Restructure Personnel Operations (GAO/GGD-98-93, July 13, 1998).

critical to establishing the accountability needed to help ensure the plan's successful implementation.

Recommendations to Secretary of Agriculture

To measure the economies and efficiencies gained by the departmentwide administrative streamlining, we recommend that the Secretary of Agriculture require the leaders for the seven mission areas, in consultation with the Assistant Secretary for Administration, the Chief Information Officer, and the Chief Financial Officer, to develop and implement performance measures for the Department's administrative operations that assess service delivery, efficiency, and quality.

We further recommend that the Secretary direct the Undersecretaries for the Farm and Foreign Agricultural Services, Natural Resources and Environment, and Rural Development to develop cost estimates for the complete implementation of administrative convergence.

Finally, to facilitate the effective implementation of the Administrative Convergence Plan, we recommend that the Secretary, after approving the implementation plan, move quickly to fill key leadership positions for the Support Services Bureau and charge the appointed officials with the responsibilities to carry out the plan.

Agency Comments

We provided USDA with a draft of this report for its review and comment. We met with the Deputy Assistant Secretary for Administration; Acting Director for Human Resources Management; and officials from the Office of Departmental Administration, the Office of Budget and Program Analysis, the Office of the Chief Financial Officer, the Office of Inspector General, the National Food and Agriculture Council, the Farm Service Agency, Rural Development, and the Natural Resources Conservation Service.

USDA generally agreed with the report and our recommendations and noted that USDA's field-based agencies have made progress in developing certain common policies and administrative systems for areas such as employee recognition, evaluation of human resources management, merit promotion, telecommuting, and work scheduling. In addition, USDA noted that most of the savings associated with administrative consolidation will be achieved by merging the three agencies'—FSA's, NRCS', and RD's—administrative functions, not from collocating offices. Finally, USDA agreed with our recommendation to develop and implement performance

measures to evaluate the efficiency and effectiveness of the Department's administrative operations. However, USDA noted that it would be difficult to develop historical baseline data for fiscal year 1993—the baseline date established by the National Performance Review and the Federal Workforce Restructuring Act of 1994—and therefore suggested that more recent baseline data be used to measure changes in administrative operations. While we recognize it would be difficult to develop baseline data for certain indicators that date back to fiscal year 1993, we continue to believe that USDA, to the extent practicable, should develop measures using baseline data for this time period to demonstrate the progress it has made in streamlining the Department since the passage of the Reorganization Act.

USDA provided a number of technical changes and clarifications to the report, which we have incorporated as appropriate.

Scope and Methodology

To obtain information on USDA's progress in reducing administrative staff departmentwide, we interviewed administrative officials in Departmental Administration, the Office of Budget and Program Analysis, and each mission area and reviewed relevant documents. To understand USDA's plans for consolidating administrative functions, we interviewed the implementation team leader and reviewed relevant documents.

To determine USDA's progress in consolidating state office administrative functions for FSA, NRCS, and RD, we interviewed headquarters officials in each agency and state office officials in five states where these agency offices are collocated and five states where the agency offices are not collocated. We also obtained relevant data and documentation. We also met with the appropriate officials in USDA agencies in Kansas City and St Louis to obtain data on the status of (1) FSA's, NRCS', and RD's efforts to collocate their state offices into single facilities; (2) the reduction of administrative staff that has occurred since 1993; (3) USDA's plans to implement administrative convergence, including the benefits the Department hopes to achieve and the problems associated with this action; and (4) USDA's attempts to quantify the savings associated with streamlining efforts, including administrative convergence.

To determine USDA's progress in measuring the savings and efficiencies realized as a result of its departmentwide reorganization and streamlining, we interviewed Department and agency officials involved in

reorganization and streamlining and reviewed documents pertaining to their performance measures.

We conducted our review from May through November 1998 in accordance with generally accepted government auditing standards.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this letter. At that time, we will send copies of this report to appropriate congressional committees, Members of Congress, the Secretary of Agriculture, and other interested parties. We will also make copies available to others on request.

If you have any questions, please call me at (202) 512-5138. Major contributors to this report are listed in appendix V.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Robert Robertson". The signature is fluid and cursive, with the first name "Robert" being more prominent than the last name "Robertson".

Robert E. Robertson
Associate Director, Food and
Agriculture Issues

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Abbreviations

FAS	Foreign Agricultural Service
FSA	Farm Service Agency
GAO	General Accounting Office
NPR	National Performance Review
NRCS	Natural Resources Conservation Service
RD	Rural Development
USDA	U.S. Department of Agriculture

USDA's Staff by Mission Area, Agency and Office for Fiscal Years 1993 Through 1999

Mission area or office	Agency	Number of full-time-equivalent staff						
		1993 ^a	1994 ^a	1995 ^a	1996	1997	1998 ^b	1999 ^b
Farm and Foreign Agricultural Services	Farm Service Agency (FSA) (federal)	7,628	7,112	6,602	6,283	5,870	5,909	5,646
	Farm Service Agency (nonfederal)	14,953	14,176	13,432	12,738	11,399	10,835	9,980
	Foreign Agricultural Service	923	906	907	885	881	881	819
	Risk Management Agency	664	651	563	536	526	550	550
Total		24,168	22,845	21,504	20,442	18,676	18,175	16,995
Rural Development (RD)	Rural Housing Service	8,222	7,870	7,234	6,911	6,227	6,188	6,109
	Rural Business-Cooperative Service	428	419	391	331	320	328	304
	Rural Utilities Service	890	891	850	765	745	764	715
	Alternative Agricultural Research and Commercialization Corporation	7	6	7	7	6	11	11
Total		9,547	9,186	8,482	8,014	7,298	7,291	7,139
Natural Resources and Environment	Natural Resources Conservation Service (NRCS)	13,784	13,311	12,157	11,833	11,888	11,945	11,412
	Forest Service	43,025	40,593	38,349	37,224	36,330	36,311	35,526
Total		56,809	53,904	50,506	49,057	48,218	48,256	46,938
Food, Nutrition, and Consumer Services	Food and Nutrition Service	2,009	1,933	1,868	1,807	1,711	1,725	1,782
Food Safety	Food Safety and Inspection Service	9,950	10,111	10,090	9,760	9,697	9,702	9,702
Marketing and Regulatory Programs	Agricultural Marketing Service	4,027	3,956	3,843	3,645	3,524	3,524	3,524
	Animal and Plant Health Inspection Service	6,552	6,631	6,303	6,195	6,295	6,287	6,133
	Grain Inspection, Packers and Stockyards Administration	936	867	812	808	788	824	824
Total		11,515	11,454	10,958	10,648	10,607	10,635	10,481
Research, Education, and Economics	Agricultural Research Service	8,426	7,953	7,621	7,617	7,521	7,556	7,562
	Cooperative State Research, Education and Extension Service	408	424	386	380	394	405	405
	Economic Research Service	788	717	625	591	570	554	551
	National Agricultural Statistics Service	1,487	1,345	1,214	1,138	1,128	1,290	1,107
Total		11,109	10,439	9,846	9,726	9,613	9,805	9,625
Departmental Administration ^c		727	710	628	625	618	648	701
Staff offices	Office of the Secretary	83	72	64	66	61	82	82
	Office of Chief Financial Officer	1,221	1,288	1,243	1,231	1,238	1,277	1,131
	Office of Chief Information Officer	297	281	279	262	246	268	271
	Office of Communications	150	135	127	123	119	119	120

(continued)

Appendix I
USDA's Staff by Mission Area, Agency and
Office for Fiscal Years 1993 Through 1999

Mission area or office	Agency	Number of full-time-equivalent staff						
		1993 ^a	1994 ^a	1995 ^a	1996	1997	1998 ^b	1999 ^b
	Office of Budget and Program Analysis	76	72	71	72	73	70	69
	Office of the Chief Economist	45	36	37	37	40	50	57
	Office of the General Counsel	420	402	368	353	351	374	378
	Office of Inspector General	850	825	777	754	742	750	925
	National Appeals Division	152	151	132	132	133	133	133
	Thrift Savings Plan	367	397	408	430	445	490	502
Total		3,661	3,659	3,506	3,460	3,448	3,613	3,668
Total USDA staff		129,495	124,241	117,388	113,539	109,886	109,850	107,031

^aNumbers adjusted to reflect mission area reorganization that occurred from 1993 to 1995.

^bEstimates.

^cOffices included under the Assistant Secretary for Administration are the Office of Administrative Support, Board of Contract Appeals, Office of the Judicial Officer, Office of Administrative Law Judges, Office of Civil Rights, Office of Procurement and Property Management, Office of Operations, Office of Human Resources Management, Office of Small and Disadvantaged Business Utilization, and Office of Outreach.

Source: USDA's Office of Budget and Program Analysis.

USDA's Current Departmentwide Administrative Support Structure

Mission area	Agency or offices	Responsible administrative support unit
Farm and Foreign Agricultural Services	Farm Service Agency Foreign Agricultural Service Risk Management Agency	Farm Service Agency ^a
Rural Development	Rural Housing Service Rural Business-Cooperative Service Rural Utilities Service Alternative Agricultural Research and Commercialization Corporation	Rural Development ^{a,b}
Natural Resources and Environment	Natural Resources Conservation Service Forest Service	Natural Resources Conservation Service ^a Forest Service
Food, Nutrition, and Consumer Services	Food and Nutrition Service	Food and Nutrition Service
Food Safety	Food Safety and Inspection Service	Food Safety and Inspection Service
Marketing and Regulatory Programs	Agricultural Marketing Service Animal and Plant Health Inspection Service Grain Inspection, Packers and Stockyards Administration	Animal and Plant Health Inspection Service
Research, Education, and Economics	Agricultural Research Service Cooperative State Research, Education, and Extension Service Economics Research Service National Agricultural Statistics Service	Agricultural Research Service
	Other staff offices and activities ^c	Departmental Administration

(Table notes on next page)

Appendix II
USDA's Current Departmentwide
Administrative Support Structure

^aAdministrative support for these agencies will be provided by the Support Services Bureau when the Administrative Convergence Plan is implemented.

^bAdministrative support staff are located at the Rural Housing Service, but report to the Rural Development mission area.

^cOffices and activities include the Office of Congressional Relations, Office of Administrative Support, Board of Contract Appeals, Office of the Judicial Officer, Office of Administrative Law Judges, Office of Civil Rights, Office of Procurement and Property Management, Office of Operations, Office of Human Resources Management, Office of Small and Disadvantaged Business Utilization, Office of Outreach, Office of the Secretary, Office of Chief Financial Officer, Office of Chief Information Officer, Office of Communications, Office of Budget and Program Analysis, Office of the Chief Economist, Office of the General Counsel, National Appeals Division, and Thrift Savings Plan. The Office of Inspector General provides its own administrative support.

Source: USDA documents.

USDA's Departmentwide Administrative Staff, Fiscal Years 1993 Through 1999

Administrative function	Number of full-time-equivalent staff						
	1993	1994	1995	1996	1997	1998 ^a	1999 ^a
Accountants and Auditors	2,983	2,833	2,676	2,565	2,507	2,675	2,583
Acquisition	2,569	2,474	2,288	2,211	1,996	2,108	2,050
Budgeting	2,012	1,953	1,748	1,657	1,562	1,702	1,670
Personnel	2,744	2,593	2,353	2,248	2,202	2,299	2,227
Total	10,308	9,853	9,065	8,681	8,267	8,784	8,530

^aEstimates.

Source: USDA data, based on National Performance Review categories of administrative functions.

Location of Noncollocated State Offices

State offices less than 50 miles apart		
State	Agency	Address
Alaska	NRCS	949 East 36th Avenue Anchorage
	FSA RD	800 West Evergreen Palmer
Arizona	NRCS RD	3003 North Central Avenue Phoenix
	FSA	77 East Thomas Road Phoenix
Connecticut ^a	NRCS	16 Professional Park Road Storrs
	FSA	88 Day Hill Road Windsor
Delaware	FSA NRCS	1201-03 College Park Drive Dover
	RD	5201 South DuPont Highway Camden
Iowa	NRCS RD	Federal Building 210 Walnut Street Des Moines
	FSA	10500 Buena Vista Court Des Moines
Maine	NRCS	5 Godfrey Drive Orono
	FSA RD	444 Stillwater Avenue Bangor
Maryland ^b	NRCS	339 Busch's Frontage Road Annapolis
	FSA	8335 Guilford Road Columbia
Michigan	NRCS	1045 South Harrison Road East Lansing
	FSA RD	3001 Coolidge Road East Lansing
Mississippi	NRCS RD	Federal Building 100 West Capitol Street Jackson
	FSA	6310 I-55 North Jackson
Montana	FSA NRCS	Federal Building 10 East Babcock Bozeman
	RD	900 Technology Boulevard Bozeman

(continued)

Appendix IV
Location of Noncollocated State Offices

State offices less than 50 miles apart		
State	Agency	Address
Nebraska	NRCS RD	Federal Building 100 Centennial Mall Lincoln
	FSA	7131 A Street Lincoln
Nevada ^c	NRCS	5301 Longley Lane Reno
	FSA	1755 East Plumb Lane Reno
	RD	1390 South Curry Street Carson City
New Hampshire ^d	NRCS	Federal Building 2 Madbury Street Durham
	FSA	22 Bridge Street Concord
New Jersey	NRCS	1370 Hamilton Street Somerset
	FSA	Mastoris Professional Plaza Route 130 Bordentown
	RD	Tarnsfield Plaza 790 Woodlane Road Mt. Holly
Oregon	NRCS RD	101 Southwest Main Street Portland
	FSA	7620 Southwest Mowhawk Tualatin
Puerto Rico	NRCS	IBM Building 654 Munoz Rivera Avenue Hato Rey
	FSA	1607 Ponce de Leon Avenue Santurce
	RD	New San Juan Office Building 159 Carlos E. Chardon Street Hato Rey
South Carolina	NRCS RD	Strom Thurmond Federal Building 1835 Assembly Street Columbia
	FSA	1927 Thurmond Mall Columbia

(continued)

Appendix IV
Location of Noncollocated State Offices

State offices less than 50 miles apart		
State	Agency	Address
Tennessee	FSA NRCS	US Court House 801 Broadway Nashville
	RD	3322 West End Avenue Nashville
Vermont	NRCS	69 Union Street Winooski
	FSA	346 Shelburne Street Burlington
	RD	City Center 89 Main Sreet Montpelier
Wyoming	NRCS RD	Federal Building 100 East B Street Casper
	FSA	951 Werner Count Casper
State office locations greater than 50 miles apart		
Alabama	NRCS	3381 Skyway Drive Auburn
	FSA RD	4121 Carmichael Road Montgomery
Hawaii	FSA NRCS	Federal Building 300 Ala Moana Boulevard Honolulu
	RD	Federal Building 154 Waianuenue Avenue Hilo
Illinois	FSA	3500 Wabash Avenue Springfield
	NRCS	1902 Fox Drive Champaign
	RD	1817 South Neil Street Champaign
Kansas	NRCS	760 South Broadway Salina
	FSA	3600 Anderson Avenue Manhattan
	RD	1200 Southwest Executive Drive Topeka
North Dakota	NRCS RD	220 East Rosser Avenue Bismark
	FSA	1025 28th Street Fargo

(continued)

Appendix IV
Location of Noncollocated State Offices

State offices less than 50 miles apart		
State	Agency	Address
Texas	NRCS RD	101 South Main Street Temple
	FSA	2405 Texas Avenue South College Station
Washington	FSA NRCS	Rock Point Tower II West 316 Boone Avenue Spokane
	RD	1825 Black Lake Boulevard Olympia
Wisconsin	FSA NRCS	6515 Watts Road Madison
	RD	4949 Kirschling Court Stevens Point

^aRD field offices served by Massachusetts state office.

^bRD field offices served by Delaware state office.

^cFSA field offices served by Idaho state office.

^dRD field offices served by Vermont state office.

Source: USDA documents.

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